

***Project Plan
for the Creation of
Tax Incremental District No. 3
in the
CITY OF FRANKLIN, WISCONSIN***



April 1, 2005 [6th DRAFT]

Public Hearing Held:

February 22, 2005

Adopted by Community Development Authority:

February 22, 2005

Adopted by City Council:

Approved by Joint Review Board:



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Tax Incremental District No. 3 Creation Project Plan

City of Franklin Officials

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Michael Gardner	Council Member
Peter Kosovich	Council Member
Steve Olson	Council Member
Lyle Sohns	Council Member
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City Staff

Frederick Klimetz	Mayor
Gary R. Petre	Director of Administrative Services
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Jesse A. Wesolowski	City Attorney

Community Development Authority

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Judy Roberts	Member
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Joint Review Board

Randy Ritter	City Representative
Tim Russell	Milwaukee County
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Sara Larsen / Cathy Cramer	Oak Creek School District
Randy Gorman	Public Member

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STATEMENT OF KIND, NUMBER AND LOCATION OF PROPOSED PUBLIC WORKS

Tax Incremental District No. 3 (the “District”) is being created by the City of Franklin under the authority provided by Wisconsin Statute Section 66.1105. The District is created as a “Mixed-Use District” based upon a finding that at least 50%, by area, of the real property within the District is suitable for a combination of commercial and residential uses within the meaning of Wisconsin Statute Section 66.1105(2)(cm). Lands proposed for newly platted residential development comprise 16% of the area of the District. It is expected that the density of the newly-platted residential development will be at least three units per acre as required by statute.

The District is located generally in an area bounded on the north by the area approximately just north of Rawson Avenue, on the east by 27th Street, on the south by the area approximately just south of Villa Drive, and on the west by 35th Street. The City of Franklin intends that tax increment financing (TIF) will be used to assure that a combination of private commercial and residential development occurs within the District consistent with the City’s development objectives. This will be accomplished by installing public improvements and making the necessary related expenditures, in order to promote development within the District. The goal is to increase the tax base and provide for and preserve employment opportunities in the City.

The following is a list of public works projects that the City expects to implement in conjunction with this District. Any costs directly or indirectly related to the public works are considered “project costs” and eligible to be paid with tax increment revenues of the District.

- **STREETS.** The City will need to construct and/or reconstruct certain streets to provide access, or to improve access, to properties within the redevelopment area. This construction or reconstruction may include a need to install traffic signals.
- **RIGHT-OF-WAY ACQUISITION.** The City will need to acquire property for street and utility right-of-way for the proposed 31st street improvement and expansion, and for installation of stormwater management practices, to include the costs of acquisition, relocation and demolition.
- **SEWER COLLECTION SYSTEM.** Redevelopment of the area will require extensions and/or upgrade of existing sewer mains.
- **WATER SYSTEM IMPROVEMENTS.** Redevelopment of the area will require extensions and/or upgrade of existing water mains.
- **STORM SEWER SYSTEM.** Redevelopment of the area will require installation or extensions of storm water mains.
- **STORMWATER MANAGEMENT.** Redevelopment of the area will require that the City construct retention/detention ponds or other stormwater management facilities to manage stormwater runoff from the development area.
- **LANDSCAPING.** The City intends to provide landscaping within public rights-of-way, such as street trees, lighting and other facilities to attract high quality development to the area.
- **ADMINISTRATIVE COSTS.** These include but are not limited to a portion of the salaries of administrative staff, public works employees and others involved with the projects throughout the project plan implementation. Audit expenses and any expenses associated with dissolving the district are also considered eligible costs.

- **ORGANIZATIONAL COSTS.** These costs include but are not limited to fees of the financial consultant, attorney, engineers, surveyors, mapmakers and other contracted services.
- **ENVIRONMENTAL AUDITS AND REMEDIATION.** The City may need to conduct environmental assessments and in some cases, remediation may be necessary and is considered an eligible project cost.
- **FINANCE COSTS.** Interest, financing fees, redemption premiums, and other financing fees are included as project costs.
- **CASH GRANTS (DEVELOPMENT INCENTIVES).** The City may enter into agreements with developers for the purpose of sharing costs to encourage the desired kind of improvements and assure tax base is generated sufficient to recover project costs. No cash grants will be provided until a developer agreement is executed with the recipient of the cash grant.
- **CONTRIBUTION TO COMMUNITY DEVELOPMENT AUTHORITY.** The City may provide funds to its CDA to be used for administration, planning and operations related to the purposes for which it was established.

With all projects the costs of engineering, design, survey, inspection, materials, construction, restoring property to its original condition, apparatus necessary for the public works, legal and other consultant fees, testing, environmental studies, permits, updating City ordinances and plans, judgments or claims for damages and other expenses are included as project costs.

In the event any of the public works projects are not reimbursable out of the special TIF fund under Wisconsin Statute Section 66.1105, in the written opinion of nationally recognized bond counsel retained by the City for such purpose or a court of record so rules in a final order, then such project or projects shall be deleted herefrom and the remainder of the projects hereunder shall be deemed the entirety of the projects for purposes of this Project Plan (the "Plan").

The City reserves the right to implement only those projects that remain viable as the Plan period proceeds.

Project costs are any expenditures made, estimated to be made, or monetary obligations incurred or estimated to be incurred, by the City and as outlined in this Plan. Project costs will be diminished by any income, special assessments or other revenues, including user fees or charges received by the City in connection with implementation of this Plan. To the extent the costs benefit the municipality outside the District, a proportionate share of the cost is not a project cost. Costs identified in this Plan are preliminary estimates made prior to design considerations and are subject to change after planning is completed. Pro-ration of costs in the Plan are also estimates and subject to change based upon implementation, future assessment policies and user fee adjustments.

2

EQUALIZED VALUE TEST

The following calculations demonstrate that the City is in compliance with s.66.1105(4)(gm)4.c. Wis. Stats., which requires that the equalized value of the taxable property in the proposed District, plus the value increment of all existing Tax Incremental Districts, does not exceed 12% of the total equalized value of taxable property within the City.

STEP 1. Calculation of Maximum Equalized Property Value Allowed within Tax Incremental Districts in the City of Franklin

Equalized Value (as of January 1, 2004)		Maximum Allowable TID Property Value
\$2,681,945,500	X 12% =	\$321,833,460

STEP 2. Calculation of Equalized Property Value Currently Located and Proposed to be Located within Tax Incremental Districts

Tax Incremental Districts	Equalized Value
TID No. 2 Increment	<u>\$115,597,000</u>
Total Existing Increment	\$115,597,000
Proposed Base of New District	\$ 32,310,820
Total Existing Increment Plus Proposed Base	\$147,907,820

The equalized value of the increment of existing Tax Incremental Districts within the City, plus the base value of the proposed District, totals \$147,907,820. This value is less than the maximum of \$321,833,460 in equalized value that is permitted for the City of Franklin. The City is therefore in compliance with the statutory equalized valuation test and may proceed with creation of this District.

Concurrent with the creation of TID Number 3, the City is considering creation of TID Number 4. The proposed base of TID Number 4 is \$14,470,200. Even with the concurrent creation of another District, the City will still be well under the statutory equalized valuation test.

3

ECONOMIC FEASIBILITY STUDY

The City of Franklin, located in the south-central part of Milwaukee County is a community of approximately 31,804 in population. The City benefits from proximity to the City of Milwaukee as an economic center, as well as convenient access to major ground and air transportation routes and facilities. Growth in the City has been significant and sustained, characterized by rapidly escalating land values and high demand for readily developable land with necessary infrastructure improvements.

The charts and exhibits on the following pages demonstrate that the City will be able to obtain the funds necessary to implement the projects in this Plan and that the revenue from the District will be sufficient to pay for them. Charts I and II on the following page of this Project Plan, respectively, the City's equalized value, and the full faith and credit borrowing capacity of the City. Equalized valuation projections were made using two methods. The first projects the future valuation of the City using the average annual percentage of valuation growth experienced between 2000 and 2004. The second method projects the future valuation based upon the average annual increment between 2000 and 2004. This method is identified as the straight-line method. Chart II projects the general obligation borrowing capacity of the City utilizing the straight-line valuation projection and considering the existing debt of the City. The chart demonstrates that the City is likely to have a general obligation capacity in the range of \$109,297,275 to \$271,668,535 during the project implementation period.

In addition to general obligation bonds, the City can issue revenue bonds for utility projects to be repaid from revenues of the sewer and/or water systems, including revenues paid by the City that represent service of the system to the City. There is no statutory nor constitutional limitation on the amount of revenue bonds that can be issued, however, water rates are controlled by the Wisconsin Public Service Commission and the City must demonstrate to bond underwriters its ability to repay revenue debt with the assigned rates.

Special assessments may be levied against benefited properties to pay part of the street, curb, gutter, sewer and water extension costs. The City can issue special assessment B bonds pledging revenues from special assessment installments to the extent assessment payments are outstanding. These bonds are not counted against the City's constitutional debt limit.

The City also has the authority to issue Lease Revenue Bonds through its CDA should this financing vehicle be useful in accomplishing the objectives of the Plan if the procedural requirements of Section 66.1333 of the Wisconsin Statutes are met. These obligations are secured by lease payments to be made by the City and are not to be counted against the City's general obligation debt limit.

In addition to debt financing, the City may use cash on hand from other funds to finance project costs as well as any available TIF fund balance. Any cash advances from other funds will be reimbursed from available tax increments.

Based on the economic characteristics and the financing resources of the City, all projects outlined in this Plan can be financed and are feasible.

EQUALIZED VALUATION PROJECTION City of Franklin, Wisconsin

CHART I

|---PERCENTAGE METHOD---|

|--STRAIGHT LINE METHOD--|

HISTORICAL DATA

2000	1,871,538,300		2000	1,871,538,300	
2001	2,026,671,300		2001	2,026,671,300	
2002	2,223,010,500		2002	2,223,010,500	
2003	2,400,765,500		2003	2,400,765,500	
2004	2,681,945,500	10.83%	2004	2,681,945,500	10.83%

Straight Line Method Value Increment

\$202,601,800

PROJECTED VALUATIONS

2005	2,972,277,248	10.83%	2005	2,884,547,300	7.55%
2006	3,294,038,614	10.83%	2006	3,087,149,100	7.02%
2007	3,650,631,986	10.83%	2007	3,289,750,900	6.56%
2008	4,045,828,072	10.83%	2008	3,492,352,700	6.16%
2009	4,483,805,777	10.83%	2009	3,694,954,500	5.80%
2010	4,969,196,390	10.83%	2010	3,897,556,300	5.48%
2011	5,507,132,553	10.83%	2011	4,100,158,100	5.20%
2012	6,103,302,542	10.83%	2012	4,302,759,900	4.94%
2013	6,764,010,411	10.83%	2013	4,505,361,700	4.71%

CHART II

BUDGET YEAR	EQUALIZED VALUE	GROSS DEBT LIMIT	DEBT BALANCE ¹	NET BORROWING CAPACITY
2005	2,681,945,500	134,097,275	24,800,000	109,297,275
2006	2,884,547,300	144,227,365	22,900,000	121,327,365
2007	3,087,149,100	154,357,455	21,600,000	132,757,455
2008	3,289,750,900	164,487,545	19,300,000	145,187,545
2009	3,492,352,700	174,617,635	16,675,000	157,942,635
2010	3,694,954,500	184,747,725	14,025,000	170,722,725
2011	3,897,556,300	194,877,815	11,800,000	183,077,815
2012	4,100,158,100	205,007,905	9,470,000	195,537,905
2013	4,302,759,900	215,137,995	9,070,000	206,067,995
2014	4,505,361,700	225,268,085	8,650,000	216,618,085
2015	4,707,963,500	235,398,175	7,970,000	227,428,175
2016	4,910,565,300	245,528,265	7,255,000	238,273,265
2017	5,113,167,100	255,658,355	6,300,000	249,358,355
2018	5,315,768,900	265,788,445	5,400,000	260,388,445
2019	5,518,370,700	275,918,535	4,250,000	271,668,535
2020	5,720,972,500	286,048,625	3,040,000	283,008,625
2021	5,923,574,300	296,178,715	1,560,000	294,618,715
2022	6,126,176,100	306,308,805		306,308,805
2023	6,328,777,900	316,438,895		316,438,895
2024	6,531,379,700	326,568,985		326,568,985
2025	6,733,981,500	336,699,075		336,699,075
2026	6,936,583,300	346,829,165		346,829,165

¹ GO Debt remaining per schedule provided by City Finance Director on 1/17/05

PROJECTED REVENUE

The Exhibits found on the following two pages project the development that is expected to occur within the District, and the associated estimate of TIF revenues that will be available to retire the debt incurred to finance project costs. The increment projections are based on the following assumptions:

- U The base value of the District is \$32,310,820.
- U New development with a value of \$95,930,000 will be established within the District between the years 2005 and 2012 per the build out schedule on page 7.
- U The equalized tax rate in 2005 is projected to be \$22.78 per thousand. It is projected to remain constant throughout the proforma.
- U Valuations are projected to increase 1% each year reflecting ordinary inflation of property values within the District.



Proposed Tax Increment District No. 3 ("Area C")

Development Assumptions¹

Const. Year	Icon	Johnson Bank	31st Street Office Bldg	Northwestern Mutual Life	Other Dev. 27th Street	24.5 Acres N. of NML	Annual Total
2005	16,850,000	1,000,000					17,850,000
2006	11,900,000						11,900,000
2007	11,000,000				1,500,000		12,500,000
2008	5,000,000		1,000,000		500,000		6,500,000
2009				12,500,000	500,000		13,000,000
2010				12,500,000		3,060,000	15,560,000
2011				12,500,000		3,060,000	15,560,000
2012						3,060,000	3,060,000
2013							0
2014							0
2015							0
2016							0
2017							0
2018							0
2019							0
2020							0
2021							0
2022							0
2023							0
2024							0
TOTAL	44,750,000	1,000,000	1,000,000	37,500,000	2,500,000	9,180,000	95,930,000



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NOTES

¹ All development assumption numbers provided by City of Franklin.



Proposed Tax Increment District No. 3 ("Area C")

Projected Tax Increment

Base Value ¹	32,310,820	Inflation Factor	1.00%
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Proposed Mixed Use District	Tax Rate Adjustment Factor	0.00%
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	Construction Year	Valuation Year	Revenue Year	Inflation Increment	Value Added	Valuation Increment	Tax Rate	Tax Increment
1	2005	2006	2007	323,108	17,850,000	18,173,108	22.78	413,983
2	2006	2007	2008	504,839	11,900,000	30,577,947	22.78	696,566
3	2007	2008	2009	628,888	12,500,000	43,706,835	22.78	995,642
4	2008	2009	2010	760,177	6,500,000	50,967,012	22.78	1,161,029
5	2009	2010	2011	832,778	13,000,000	64,799,790	22.78	1,476,139
6	2010	2011	2012	971,106	15,560,000	81,330,896	22.78	1,852,718
7	2011	2012	2013	1,136,417	15,560,000	98,027,313	22.78	2,233,062
8	2012	2013	2014	1,303,381	3,060,000	102,390,695	22.78	2,332,460
9	2013	2014	2015	1,347,015	0	103,737,710	22.78	2,363,145
10	2014	2015	2016	1,360,485	0	105,098,195	22.78	2,394,137
11	2015	2016	2017	1,374,090	0	106,472,285	22.78	2,425,439
12	2016	2017	2018	1,387,831	0	107,860,116	22.78	2,457,053
13	2017	2018	2019	1,401,709	0	109,261,826	22.78	2,488,984
14	2018	2019	2020	1,415,726	0	110,677,552	22.78	2,521,235
15	2019	2020	2021	1,429,884	0	112,107,436	22.78	2,553,807
16	2020	2021	2022	1,444,183	0	113,551,618	22.78	2,586,706
17	2021	2022	2023	1,458,624	0	115,010,243	22.78	2,619,933
18	2022	2023	2024	1,473,211	0	116,483,453	22.78	2,653,493
19	2023	2024	2025	1,487,943	0	117,971,396	22.78	2,687,388
20	2024	2025	2026	1,502,822	0	119,474,218	22.78	2,721,623

..... EXPENDITURE PERIOD



Totals	95,930,000	41,634,542
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NET PRESENT VALUE OF 2007-2026 INCREMENT @ 5.0% **23,667,198**

NOTES:

¹ Base Value taken from value spreadsheet provided by City Assessor's Office 9-7-04.

CASH FLOW

The proforma on the following page summarizes the District's cash position throughout its potential life. It shows revenues, expenses and balances by year. Revenues include tax increments, capitalized interest and interest earned investing year-end balances.

Expenditures represent payments for contract agreements with developers, and principal and interest payments on this District's share of debt issued to finance projects listed in the Plan. The tentative proposed issues are identified as follows:

Issue No.	Year	Description	Amount
1	2005	General Obligation Community Development Bonds	\$4,790,000
2	2006	General Obligation Notes	\$3,385,000
3	2008	General Obligation Notes	\$5,400,000

Revenues anticipated will be sufficient to meet all obligations in a timely manner and produce a \$1,090,696 accumulated surplus by the year 2017.



Proposed Tax Increment District No. 3 ("Area C")

Cash Flow Proforma

Year	Revenues				Issue #1 (2005 Projects) G.O. Comm Dev Bonds Dated 5-1-05				Issue #2 (2006 Projects) G.O. Notes Dated 5-1-06				Issue #3 (2008 Projects) G.O. Notes Dated 5-1-08				Fund Balance		Principal Outstanding	Year
	Increment	Interest ¹	Cap. Int.	TOTAL	Prin (2/1)	Rate ²	Interest	TOTAL	Prin (2/1)	Rate ²	Interest	TOTAL	Prin (2/1)	Rate ²	Interest	TOTAL	Annual	Cumulative		
2005	0	0	46,140	46,140			46,140	46,140				0				0	0	0	13,575,000	2005
2006	0	0	220,189	220,189		2.600%	184,560	184,560			35,629	35,629				0	0	0	13,575,000	2006
2007	413,983	0		413,983		2.780%	184,560	184,560		3.100%	142,514	142,514		0.500%		0	86,909	86,909	13,575,000	2007
2008	696,566	869	330,450	1,027,885	250,000	2.880%	180,960	430,960	100,000	3.280%	140,874	240,874		3.600%	66,090	66,090	289,961	376,870	13,225,000	2008
2009	995,642	3,769		999,410	400,000	3.030%	171,300	571,300	200,000	3.380%	135,854	335,854		3.780%	264,360	264,360	(172,104)	204,767	12,625,000	2009
2010	1,161,029	2,048		1,163,076	425,000	3.340%	158,143	583,143	250,000	3.530%	128,062	378,062		3.880%	264,360	264,360	(62,488)	142,279	11,950,000	2010
2011	1,476,139	1,423		1,477,562	450,000	3.570%	143,013	593,013	310,000	3.840%	117,697	427,697	100,000	4.030%	262,345	362,345	94,508	236,786	11,090,000	2011
2012	1,852,718	2,368		1,855,086	475,000	3.780%	126,003	601,003	425,000	4.070%	103,096	528,096	400,000	4.340%	251,650	651,650	74,337	311,123	9,790,000	2012
2013	2,233,062	3,111		2,236,173	490,000	3.950%	107,348	597,348	525,000	4.280%	83,213	608,213	700,000	4.570%	226,975	926,975	103,638	414,762	8,075,000	2013
2014	2,332,460	4,148		2,336,608	500,000	4.070%	87,495	587,495	525,000	4.450%	60,296	585,296	800,000	4.780%	191,860	991,860	171,956	586,718	6,250,000	2014
2015	2,363,145	5,867		2,369,012	550,000	4.190%	65,798	615,798	525,000	4.570%	36,619	561,619	1,000,000	4.950%	147,990	1,147,990	43,606	630,324	4,175,000	2015
2016	2,394,137	6,303		2,400,440	600,000	4.290%	41,405	641,405	525,000	4.690%	12,311	537,311	1,100,000	5.070%	95,355	1,195,355	26,369	656,693	1,950,000	2016
2017	2,425,439	6,567		2,432,006	650,000	4.390%	14,268	664,268		4.790%	0	0	1,300,000	5.190%	33,735	1,333,735	434,003	1,090,696	0	2017
2018	2,457,053	10,907		2,467,960		4.470%	0	0		4.890%	0	0		5.290%	0	0	2,467,960	3,558,656	0	2018
2019	2,488,984	35,587		2,524,571		4.540%	0	0		4.970%	0	0		5.390%	0	0	2,524,571	6,083,227	0	2019
2020	2,521,235	60,832		2,582,067		4.610%	0	0		5.040%	0	0		5.470%	0	0	2,582,067	8,665,294	0	2020
2021	2,553,807	86,653		2,640,460		4.670%	0	0		5.110%	0	0		5.540%	0	0	2,640,460	11,305,755	0	2021
2022	2,586,706	113,058		2,699,763		4.740%	0	0		5.170%	0	0		5.610%	0	0	2,699,763	14,005,518	0	2022
2023	2,619,933	140,055		2,759,989		4.800%	0	0		5.240%	0	0		5.670%	0	0	2,759,989	16,765,506	0	2023
2024	2,653,493	167,655		2,821,148		4.860%	0	0		5.300%	0	0		5.740%	0	0	2,821,148	19,586,655	0	2024
2025	2,687,388	195,867		2,883,255	0	4.920%	0	0		5.360%	0	0		5.800%	0	0	2,883,255	22,469,910	0	2025
2026	2,721,623	224,699		2,946,322					0	5.420%	0	0		5.860%	0	0	2,946,322	25,416,231	0	2026
TOTALS	41,634,542	1,071,784	596,779	43,303,105	4,790,000		1,510,990	6,300,990	3,385,000		996,164	4,381,164	5,400,000		1,804,720	7,204,720				

NOTES:

¹ Interest earnings projection equal to 1% of preceding year's estimated fund balance.

² Estimated Rates are 1-4-05 MMD "AA" Scale +50 BP for 2005 Issue and +100 BP for 2006 Issue+150 BP for 2008 Issue.

4

DETAILED LIST OF PROJECT COSTS

This Plan is not meant to be a budget nor an appropriation of funds for specific projects, but a framework with which to manage projects. All costs included in the Plan are estimates based on best information available. The City retains the right to delete projects or change the scope and/or timing of projects implemented as they are individually authorized by the City Council, without amending the Plan.

All costs are based on 2005 prices and are preliminary estimates. The City reserves the right to increase these costs to reflect inflationary increases and other uncontrollable circumstances between 2005 and the time of construction. The City also reserves the right to increase certain project costs to the extent others are reduced or not implemented, without amending the Plan. The tax increment allocation is preliminary and is subject to adjustment based upon the implementation of the Plan.

As part of the specific projects detailed on the table found on the following page, and in order to achieve the objectives of this Project Plan, the City may make expenditures in the form of cash grants to private developers as an inducement to promote development or redevelopment of properties within the District consistent with the objectives of this plan. City staff estimates that payment of cash grants may total approximately \$5,000,000 over the life of the District. The payment of any cash grants pursuant to this paragraph would be predicated on the potential for additional development or redevelopment, and demonstration that new development would generate tax increments sufficient to recover the costs of the public investment. Prior to payment of any cash grant, the recipient developer will be required to enter into a signed agreement with the City that specifies the amount of the cash grant to be paid, and the reciprocal obligations of the developer.



City of Franklin

Proposed Tax Increment District No. 3 ("Area C")

Project Costs

PROJECT LIST	PHASE I PROJECTS 2005	PHASE II PROJECTS 2006	PHASE III PROJECTS 2008
31st Street (W. Rawson to 1/2 Mi. South)			
Stormwater Management	350,000		
ROW Acquisition	782,000		
Street Improvements	1,251,800		
Sanitary Sewer ¹	167,600		
Water Main ¹	171,500		
Engr, Insp., Design & Testing	545,000		
Subtotal	3,267,900		
31st Street (Reconstruct and Landscaping S. to Drexel Ave.)	1,000,000		
27th Street, (Reconstruction)			
Local Share of Street Construction		2,200,000	
Streetscape, Lighting & Other Aesthetic Improvements			
Drexel Ave, (Reconstruction)			
Local Share of Street Construction		1,100,000	
Sub total		3,300,000	
Development Incentives / Cash Grants			5,000,000
Contingency	232,100		
TOTAL ESTIMATED PROJECT COSTS	4,500,000	3,300,000	5,000,000
Financing Expenses			
Fees (Advisory, Bond Counsel, Discount, Rating)	83,642	66,349	93,920
Capitalized Interest	230,700	35,629	330,450
Subtotal	314,342	101,978	424,370
TOTAL CAPITAL REQUIRED	4,814,342	3,401,978	5,424,370
Less Rounding/Interest Earnings	(24,342)	(16,978)	(24,370)
NET BOND SIZE	4,790,000	3,385,000	5,400,000

NOTES:

¹ Costs for this portion of the project may be special assessed and/or paid from connection fee funding.



EHLERS
& ASSOCIATES INC



EHLERS
& ASSOCIATES INC

5

A DESCRIPTION OF THE METHODS OF FINANCING AND THE TIME WHEN SUCH COSTS OR MONETARY OBLIGATIONS RELATED THERETO ARE TO BE INCURRED

PLAN IMPLEMENTATION

Projects identified will provide the anticipated governmental services to the area. A reasonable and orderly sequence is outlined on the following page. However, public debt and expenditures should be made at the pace private development occurs to assure increment is sufficient to cover expenses.

It is anticipated developer agreements between the City and property owners will be in place prior to major public expenditures. These agreements can provide for development guarantees or a payment in lieu of development. To further assure contract enforcement these agreements might include levying of special assessments against benefited properties.

The order in which public improvements are made should be adjusted in accordance with development and execution of developer agreements. The City reserves the right to alter the implementation of this Plan to accomplish this objective.

Interest rates projected are based on current market conditions. Municipal interest rates are subject to constantly changing market conditions. In addition, other factors such as the loss of tax-exempt status of municipal bonds or broadening the purpose of future tax-exempt bonds would affect market conditions. Actual interest expense will be determined once the methods of financing have been approved and securities issued.

This Project Plan provides one example of how the City could provide the financing required to undertake the projects it intend to complete within the District. The City reserves the right to use any of the alternate financing solutions described in Section 3 above for the projects as they are implemented, without amending the Plan.

Issue No. 1
General Obligation Community Development Bonds (2005)
\$4,790,000

Proposed Maturity Schedule

The Phase I projects are anticipated to be financed with General Obligation Community Development Bonds to be issued under authority of Wisconsin Statutes Chapter 67. The following is the proposed schedule for repayment of project costs using estimated interest rates.

YEAR	PRINCIPAL	INTEREST	TOTAL
2005		46,140	46,140
2006		184,560	184,560
2007		184,560	184,560
2008	250,000	180,960	430,960
2009	400,000	171,300	571,300
2010	425,000	158,143	583,143
2011	450,000	143,013	593,013
2012	475,000	126,003	601,003
2013	490,000	107,348	597,348
2014	500,000	87,495	587,495
2015	550,000	65,798	615,798
2016	600,000	41,405	641,405
2017	650,000	14,268	664,268
TOTAL	4,790,000	1,510,990	6,300,990

Issue No. 2
General Obligation Promissory Notes (2006)
\$3,385,000

Proposed Maturity Schedule

The Phase I projects are anticipated to be financed with General Obligation Promissory Notes to be issued under authority of Wisconsin Statutes Chapter 67. The following is the proposed schedule for repayment of project costs using estimated interest rates.

YEAR	PRINCIPAL	INTEREST	TOTAL
2006		35,629	35,629
2007		142,514	142,514
2008	100,000	140,874	240,874
2009	200,000	135,854	335,854
2010	250,000	128,062	378,062
2011	310,000	117,697	427,697
2012	425,000	103,096	528,096
2013	525,000	83,213	608,213
2014	525,000	60,296	585,296
2015	525,000	36,619	561,619
2016	525,000	12,311	537,311
TOTAL	3,385,000	996,164	4,381,164

Issue No. 3
General Obligation Promissory Notes (2008)
\$5,400,000

Proposed Maturity Schedule

The Phase I projects are anticipated to be financed with General Obligation Community Development Bonds to be issued under authority of Wisconsin Statutes Chapter 67. The following is the proposed schedule for repayment of project costs using estimated interest rates.

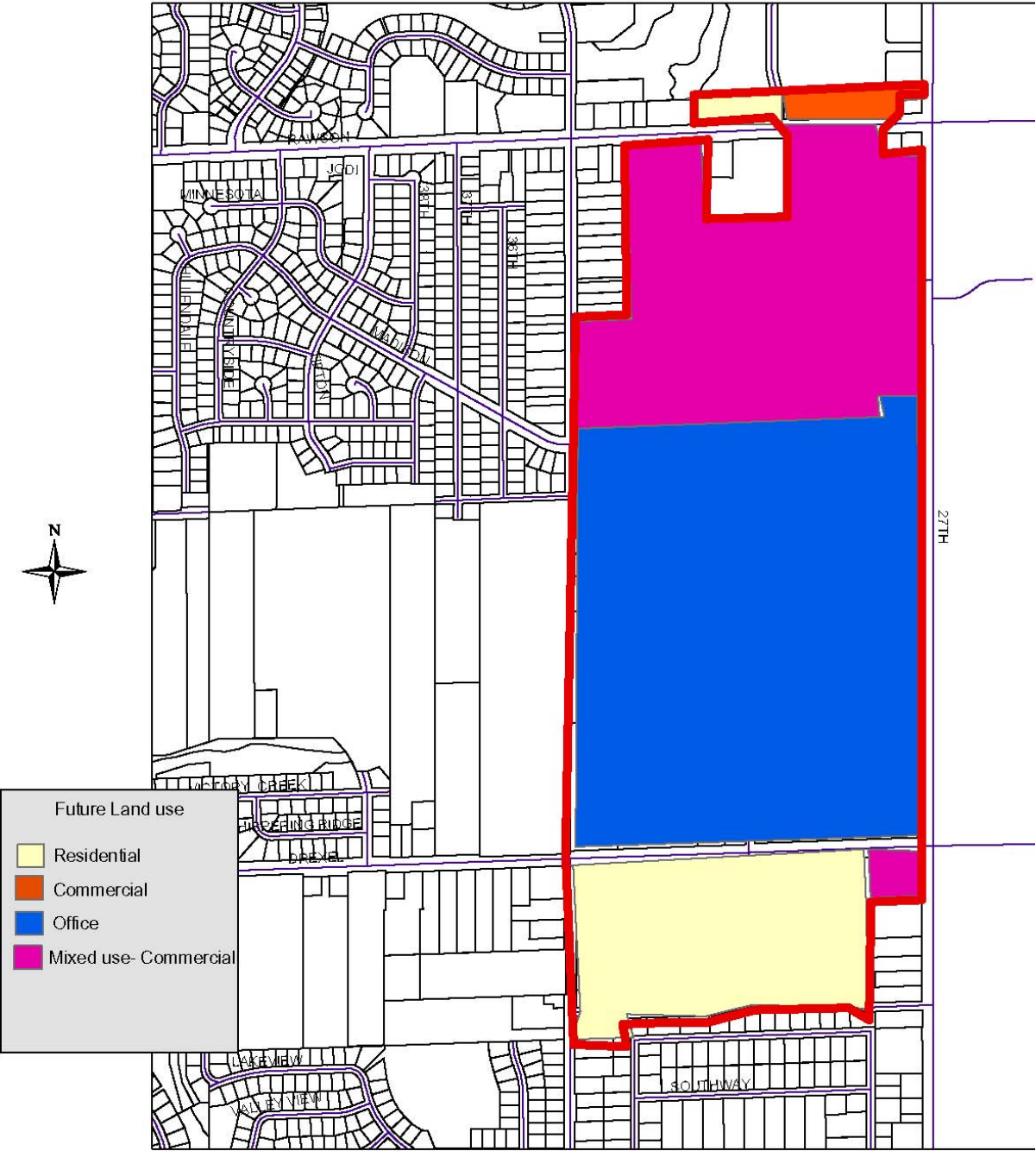
YEAR	PRINCIPAL	INTEREST	TOTAL
2008		66,090	66,090
2009		264,360	264,360
2010		264,360	264,360
2011	100,000	262,345	362,345
2012	400,000	251,650	651,650
2013	700,000	226,975	926,975
2014	800,000	191,860	991,860
2015	1,000,000	147,990	1,147,990
2016	1,100,000	95,355	1,195,355
2017	1,300,000	33,735	1,333,735
TOTAL	5,400,000	1,804,720	7,204,720



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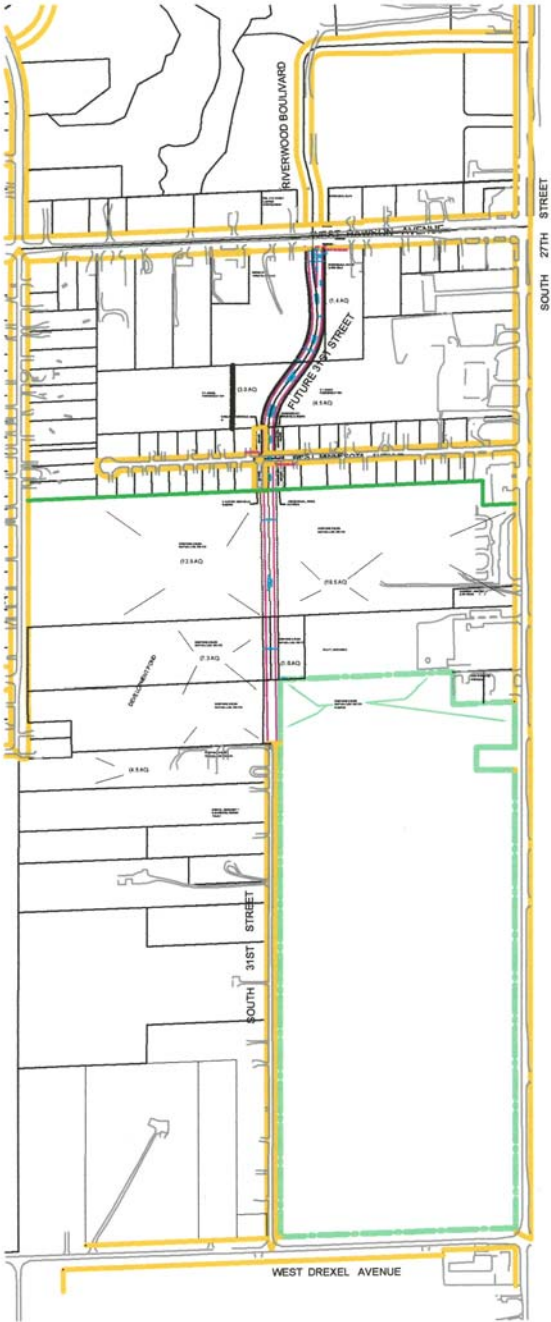
8 MAP SHOWING PROPOSED USES

Land use is derived from the South 27th Street Corridor Plan,
Pleasant View Neighborhood Plan
& Hunting Park Neighborhood Plan



9

MAP SHOWING PROPOSED PROJECTS AND IMPROVEMENTS



10

ESTIMATE OF PROPERTY TO BE DEVOTED TO RETAIL BUSINESS

Pursuant to Section 66.1105(5)(b) of the Wisconsin State Statutes the City estimates that no more than 24% of the territory within the District will be devoted to retail business at the end of the District's maximum expenditure period.

11

ANNEXED PROPERTY

There are no lands proposed for inclusion within the District that were annexed by the City on or after January 1, 2004.

12

A LIST OF ESTIMATED NON-PROJECT COSTS

Anticipated construction by private parties: \$95,930,000

13

PROPOSED CHANGES IN ZONING ORDINANCES

The City does not anticipate the need for any changes to its zoning ordinances in conjunction with this Plan.

14

PROPOSED CHANGES IN MASTER PLAN, MAP, BUILDING CODES AND CITY ORDINANCES

It is expected that this Plan will be complementary to the City's Master Plan. There are no proposed changes to the building codes, the map or other City ordinances for the implementation of this Plan.

15

RELOCATION

It is expected that the implementation of this Project Plan may result in a need to relocate persons or businesses. Before relocation becomes necessary, the City will take the following steps and actions.

Before negotiations begin for the acquisition of property or easements, all property owners will be provided an informational pamphlet prepared by the Wisconsin Department of Commerce and if any person is to be displaced as a result of the acquisition, they will be given a pamphlet on "Relocation Rights". The City will provide each owner a full narrative appraisal, a map showing the owners of all property affected by the proposed project and a list of all or at least ten neighboring landowners to whom offers are being made.

The City will file a relocation plan with the Department of Commerce and will not proceed with displacement of persons or business concerns until the plan is approved in writing by the Department of Commerce as required by Wisconsin Statutes Section 32.25. The City will also keep records as required in Wisconsin Statutes Section 32.27.

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ORDERLY DEVELOPMENT OF THE CITY OF FRANKLIN

TID No. 3 contributes to the orderly development of the City by providing the opportunity for continued growth in tax base and job opportunities.

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PRELIMINARY PARCEL LIST

Parcel ID	Property Address	Property Owner
738 9990 000	3130 W RAWSON AVE	M & J 4K FAMILY LIMITED PARTNERSHIP
738 9991 000	3030 W RAWSON AVE	M & J 4K FAMILY LIMITED PARTNERSHIP
738 9993 000	2930 W RAWSON AVE	BRINKMAN, ALVIN
738 9994 000	2912 W RAWSON AVE	TEWKSBURY, ALLAN D & WENDY S
738 9997 001	2810 W RAWSON AVE	KLECZKA, JAMES
738 9998 000		GOLKE, GERALD
761 0001 000	3102 W MINNESOTA AVE	ENGLAND, MICHELLE R
761 0002 000	3110 W MINNESOTA AVE	ST LOUIS, STEVEN E & JOANNE
761 0003 000	3120 W MINNESOTA AVE	WALBERTS, VIRGINIA
761 0004 000	3206 W MINNESOTA AVE	ZYLKA, FRANCINE REVOCABLE TRUST DTD 6/2/03
761 0005 000	3214 W MINNESOTA AVE	SHADD, DENIS R & DIANE
761 0006 000	3304 W MINNESOTA AVE	KANUGH, STEVEN R & JEANNE
761 0007 000	3103 W MINNESOTA AVE	STANTON, MICHAEL & SHERRI
761 0008 000	3111 W MINNESOTA AVE	PRADO, SUSAN A
761 0009 000	3119 W MINNESOTA AVE	TATLOCK, TIMOTHY D
761 0010 000	3203 W MINNESOTA AVE	POEHLMAN, DAVID & MICHELE
761 0011 000	3211 W MINNESOTA AVE	STEPNIK, WALTER K & CAROL A
761 0012 000	3219 W MINNESOTA AVE	GUAGLIARDO, BRENDA A
761 0013 000	3305 W MINNESOTA AVE	CALARCO, CYNTHIA R
761 0014 000	3313 W MINNESOTA AVE	BOEN, ROBERT J & SUSAN
761 0015 000	3321 W MINNESOTA AVE	MLADENOVICH, ALEXANDER & ROXAN
761 9951 000	2821 W RAWSON AVE	CUMMINGS, LYNN G
761 9952 000	2831 W RAWSON AVE	LUEDKE, LYLE & MARIE
761 9953 000	2841 W RAWSON AVE	ABDELJABER, ATA & YUSRA
761 9954 000	7131 S 27TH ST	KAFURA, JOHN & EVELYN REV TRUS
761 9955 001	7171 S 27TH ST	ST JAMES CONGREGATION,
761 9956 000	7251 S 27TH ST	KUBICA, STEVE & W
761 9957 000	2810 W MINNESOTA AVE	NICKOLAUS, ROGER B
761 9958 000	2820 W MINNESOTA AVE	ST JAMES CONGREGATION,
761 9959 000	2830 W MINNESOTA AVE	PUETZ MILDRED
761 9960 000	2910 W MINNESOTA AVE	GELINSKEY, DEAN & LAURA
761 9962 001	2932 W MINNESOTA AVE	PRUSINSKI, ROBERT & NANCY REVOC LIVG TRUST
761 9962 002	3020 W MINNESOTA AVE	ZIEMAN, ROBERT & JOYCE
761 9963 002		ST JAMES CONGREGATION,
761 9963 004	3030 W MINNESOTA AVE	PENDERGAST, MAURICE & DEBRA
761 9963 005		PENDERGAST, MAURICE & DEBRA
761 9963 006		PENDERGAST, MAURICE & DEBRA
761 9965 000	2911 W RAWSON AVE	MIEROW, PAUL A & PATRICIA
761 9966 000	2929 W RAWSON AVE	RODRIGUEZ, FRANK & RAFAELA
761 9970 000	3211 W RAWSON AVE	BOERKE COMPANY INC (THE)
761 9971 000	3241 W RAWSON AVE	CAIN, KENNETH R
761 9972 000	3321 W RAWSON AVE	BRAHM I, LLC

Continued on Next Page

Parcel ID	Property Address	Property Owner
761 9988 004	3027 W MINNESOTA AVE	ABEL, THOMAS & COLLEEN
761 9988 006	3033 W MINNESOTA AVE	JORGENSEN, JOHN & PATRICIA
761 9988 007	3021 W MINNESOTA AVE	PEHRINGER, TIMOTHY
761 9988 008	3015 W MINNESOTA AVE	WENNESHEIMER, MICHAEL & DIANE
761 9988 009	2929 W MINNESOTA AVE	BAUER, KENNETH & CORRINE
761 9988 010	2911 W MINNESOTA AVE	PLECHAS, MILE
761 9988 011	2881 W MINNESOTA AVE	TICE, ROBERT & BARBARA
761 9989 001	2805 W MINNESOTA AVE	MALCZEWSKI, JAMES F
761 9989 002	2819 W MINNESOTA AVE	NINKO, MICHAEL J
761 9989 003	2827 W MINNESOTA AVE	FARHUD, KHALED & AMJAD
761 9990 001	7273 S 27TH ST	LAKIC, MIRKO & W
761 9992 000	7333 S 27TH ST	NORTHWESTERN MUTUAL LIFE INS CO (THE)
761 9993 000	7371 S 27TH ST	KLEMENT, JEFFREY P & PATRICIA
761 9994 003	7407 S 27TH ST	PLATT, RICHARD A
761 9994 004		NORTHWESTERN MUTUAL LIFE INS CO (THE)
761 9995 000	7441 S 27TH ST	ADAIR, ROBIN & ROCHELLE
761 9996 000	7431 S 27TH ST	ADAIR ROBIN & ROCHELLE
761 9997 002		NORTHWESTERN MUTUAL LIFE INS CO (THE)
761 9998 001	7444 S 35TH ST	MARTIN, RUSSELL GEORGE
761 9998 002	7452 S 35TH ST	MCGRAW, JOHN J
761 9999 001	7471 S 27TH ST	NORTHWESTERN MUTUAL LIFE INS CO (THE)
786 9979 001	7509 S 27TH ST	NORTHWESTERN MUTUAL LIFE INS CO (THE)
786 9979 002		NORTHWESTERN MUTUAL LIFE INS CO (THE)
786 9980 000	1 NORTHWESTERN MUTUAL WAY	NORTHWESTERN MUTUAL LIFE INS CO (THE)
786 9981 003		NORTHWESTERN MUTUAL LIFE INS CO (THE)
786 9982 000	7541 S 31ST ST	NOWAK, GREGORY T & BARBARA
786 9983 000	7571 S 31ST ST	KNUTSON, MILTON D & JEAN A
786 9984 000		CIESIELSKI, JAMES
786 9985 000	7601 S 31ST ST	ARROWOOD, LARRY
786 9986 000	7611 S 31ST ST	ROEDEL, CHARLES & CONNIE
786 9987 000	7631 S 31ST ST	KRET, LORETTA J
786 9988 000	7705 S 31ST ST	NORANTE, PIETRO & FRANCESCA
786 9989 000	3410 W DREXEL AVE	ZIELINSKI, PATRICK P
786 9990 000	3240 W DREXEL AVE	SZYMANSKI, JAMES E
786 9991 000	3140 W DREXEL AVE	DREXEL AVENUE PROPERTIES INC
786 9992 000	7721 S 31ST ST	ZAWADZKI, GERALD F
786 9993 000	7761 S 31ST ST	YOUNG, THOMAS J & W
786 9994 001	7775 S 31ST ST	RODIEZ THOMAS & JANICE
786 9994 002	7783 S 31ST ST	DE ORBETA ENRIQUE J
786 9995 001	7811 S 31ST ST	THOMAS, DAVID M & SHERRY L
786 9996 001		MILWAUKEE COUNTY
786 9997 000	7815 S 31ST ST	GNIOT, BRUCE D
786 9998 000	7831 S 31ST ST	DURA, LOUIS L & W
786 9999 000		GUZINSKI, BOGUMILA
809 0034 000	3411 W VILLA DR	BLOCK RYAN A THERESA M
809 0035 000	3443 W VILLA DR	KLAMROWSKI GERALD A
809 0036 000	3495 W VILLA DR	KLAMROWSKI GERALD A
809 0037 000	3480 W VILLA DR	RADOMSKI THOMAS S & AFTON L
809 0038 000	8050 S 35TH ST	THE VILLAS PARTNERS LLC

Continued on Next Page

Parcel ID	Property Address	Property Owner
809 0039 000	8034 S 35TH ST	THE VILLAS PARTNERS LLC
809 0040 000	8016 S 35TH ST	RADOMSKI THOMAS S & AFTON L
809 0041 000	7988 S 35TH ST	STONEGATE DEVELOPMENT LLC
809 0042 000	7960 S 35TH ST	STONEGATE DEVELOPMENT LLC
809 0043 000	7954 S 35TH ST	STIER DEAN & COLLEEN
809 0044 000	7938 S 35TH ST	STONEGATE DEVELOPMENT LLC
809 0045 000	3053 W DREXEL AVE	FRANKLIN OAKS PARTNERS LLC
809 0051 000		THE VILLAS PARTNERS LLC
809 0052 000		THE VILLAS PARTNERS LLC
809 0053 000		THE VILLAS PARTNERS LLC
809 0054 000	3406 W VILLA DR	VILLAS PARTNERS LLC
809 0055 000	3404 W VILLA DR	VILLAS PARTNERS LLC
809 0056 000	3402 W VILLA DR	VILLAS PARTNERS LLC
809 0057 000	3400 W VILLA DR	VILLAS PARTNERS LLC
809 0058 000	3398 W VILLA DR	VILLAS PARTNERS LLC
809 0059 000	3396 W VILLA DR	VILLAS PARTNERS LLC
809 0060 000	3394 W VILLA DR	VILLAS PARTNERS LLC
809 0061 000	3392 W VILLA DR	VILLAS PARTNERS LLC
809 0062 000	3390 W VILLA DR	VILLAS PARTNERS LLC
809 0063 000	3388 W VILLA DR	VILLAS PARTNERS LLC
809 0064 000	3386 W VILLA DR	VILLAS PARTNERS LLC
809 0065 000	3384 W VILLA DR	VILLAS PARTNERS LLC
809 0066 000	3382 W VILLA DR	VILLAS PARTNERS LLC
809 0067 000	3380 W VILLA DR	VILLAS PARTNERS LLC
809 0068 000	3378 W VILLA DR	VILLAS PARTNERS LLC
809 0069 000	3376 W VILLA DR	VILLAS PARTNERS LLC
809 0070 000	3374 W VILLA DR	VILLAS PARTNERS LLC
809 0071 000	3372 W VILLA DR	VILLAS PARTNERS LLC
809 0072 000	3370 W VILLA DR	VILLAS PARTNERS LLC
809 0073 000	3368 W VILLA DR	VILLAS PARTNERS LLC
809 0074 000	3366 W VILLA DR	VILLAS PARTNERS LLC
809 0075 000	3364 W VILLA DR	VILLAS PARTNERS LLC
809 0076 000	3342 W VILLA DR	VILLAS PARTNERS LLC
809 0077 000	3340 W VILLA DR	VILLAS PARTNERS LLC
809 0078 000	3296 W VILLA DR	VILLAS PARTNERS LLC
809 0079 000	3294 W VILLA DR	VILLAS PARTNERS LLC
809 0080 000	3293 W VILLA DR	VILLAS PARTNERS LLC
809 0081 000	3295 W VILLA DR	VILLAS PARTNERS LLC
809 0082 000	3327 W VILLA DR	VILLAS PARTNERS LLC
809 0083 000	3329 W VILLA DR	VILLAS PARTNERS LLC
809 0084 000	3361 W VILLA DR	VILLAS PARTNERS LLC
809 0085 000	3363 W VILLA DR	VILLAS PARTNERS LLC
809 9938 001	7905 S 27TH ST	MEXICAN VILLAGE, INC
809 9940 000	7925 S 27TH ST	MCNEVEN, KEVIN
809 9942 001		MEXICAN VILLAGE, INC

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**OPINION OF ATTORNEY FOR THE CITY ADVISING WHETHER THE
PLAN IS COMPLETE AND COMPLIES WITH WISCONSIN STATUTES,
SECTION 66.1105**

DRAFT

_____, 2005

City of Franklin
9229 W. Loomis Road
Franklin, WI 53132

Re: Project Plan for Tax Incremental District No. 3 of the City of Franklin, Wisconsin

Ladies and Gentlemen:

We have acted as counsel to the City of Franklin, Wisconsin (the "City") in connection with the proposed creation of Tax Incremental District No. 3 of the City (the "District") and the preparation of the project plan for the District (the "Project Plan").

In this connection, we have reviewed the Project Plan, the law and such other documents as we deem necessary to enable us to give this opinion. We have relied on the statements of fact set forth in the Project Plan and the documents attached as exhibits to the Project Plan, without independent verification. We have not been engaged or undertaken to verify the reasonableness or accuracy of the assumptions, estimates or financial projections contained in the Project Plan and express no opinion relating thereto.

Based on our review, it is our opinion that the Project Plan is complete and complies with Section 66.1105(4)(f) of the Wisconsin Statutes.

QUARLES & BRADY LLP